

DRAFT MINUTES OF THE  
MEETING OF THE PENSION OVERSIGHT COMMISSION  
June 28, 2017

A meeting of the Pension Oversight Commission (POC) for the Howard County Retirement Plan and the Howard County Police and Fire Employees' Retirement Plan was held Wednesday, June 28, 2017 at 9:00 a.m. in the Kingsville room of the Ascend One Building at 8930 Stanford Blvd. Columbia, MD 21045. Members also participated via conference call. Present in person and on the phone for all or part of the meeting were the following voting members of the Commission:

Ken Barnes  
Peter Hong  
Todd Snyder

Toshie Kabuto and Mitchell Stringer were absent. Also present for all or part of the call were Cynthia Peltzman from the Office of Law; Terry Reider and Nike Yahaya, both from the Office of Human Resources.

Mr. Snyder chaired the meeting and Ms. Yahaya served as secretary.

The meeting was called to order at 9:00 a.m. The agenda of the meeting included:

- Discussion/completion of POC's Annual Report
- Amendment to the Howard County Police and Fire Employee's Retirement Plan (CB56-2017)

Mr. Snyder began by referring to the June 21 POC meeting where the latter's Annual Report discussions were held. He stated that he had complied everyone's comments. He also confirmed receipt of Ms. Kabuto's comments via email. Ms. Peltzman asked if Mr. Snyder wanted to address the issue of the Agenda that was not available to the public. Ms. Reider confirmed this meeting is under the Public Meeting Act, but due to technical glitches (the County Website was hacked and it is currently being cleaned up) several attempts to post the Agenda were futile. To preserve confidentiality of attorney-client communication, Mr. Snyder made a motion for a brief closed session meeting to consult with counsel to obtain some legal advice on a legal matter. His motion was seconded by Mr. Hong. There was no opposition amongst those present or on the phone.

The closed session commenced at 9:05 am and ended at 9:22 am.

When the open session resumed at 9:23 a.m., Mr. Snyder perused Ms. Kabuto's comments to the reviews he had asked for. One of her comments was a clarification on what "Smoothing" meant. Mr. Snyder said he will include a footnote explaining what "Smoothing" meant.

Mr. Barnes wanted clarification on the funding level from the Actuarial Report. Mr. Snyder said he will insert an explanation on both the Actuarial and Audit Reports. Mr. Hong asked if the survey currently in their possession is the most recent one. He also wanted to know more about fund allocation modules; time table and period. Mr. Snyder said the 2015 survey was the most recent he found online. He will also exhibit the Actuarial Allocation for FY 2016.

Mr. Hong recommended that Mr. Snyder should add: '...Increasing allocations to Alternative Investments...' appropriately in the first section of the document under review. Mr. Snyder continued that he did not understand Ms. Kabuto's comments about "4 or 5 reasons to re-examine the Plan" and believes she may have misunderstood the content under review. Mr. Snyder asked if the original phrase was clear to the other POC members. They answered in the affirmative. Mr. Barnes asked if that was the phrase they had in the past. Mr. Snyder confirmed it was.

Mr. Snyder proceeded to discuss another item of the document under review. He believes there should be documented evidence of Training and Education for fiduciary members. Mr. Hong and Mr. Barnes agreed with him.

Another item on Ethics was reviewed. Mr. Snyder said he will reach out to Ms. Kabuto again because he did not understand her comments on this. He then discussed The Alternative Investments section of the report. He believes that clients should establish minimum criteria for their funds; set standards, etc. and Trustees could set parameters guiding investments to ensure reliability. Mr. Hong and Mr. Barnes concurred. They believe it will be prudent to make it a policy matter.

Mr. Barnes made a reference to the first part of the review again and recommended that Mr. Snyder substitute the words "...RPC has the ability to take on investments..." with "...RPC can generally take on investments..." Mr. Hong recommended "...Clients should have a policy..." be replaced with "...Clients should have a goal...". Mr. Snyder noted all the updates. He said he did not receive Ms. Kabuto's comments on "Funding Goals". Mr. Hong and Mr. Barnes had no further substantive comments to this aspect of the review.

Mr. Snyder stated that there should be an ability for the POC and the public to access the financial risks of government and alternative investments processed by RPC which currently have less transparency. Mr. Hong however does not believe the POC should have access to these documents. He is more interested in the process the RPC uses to review alternative investments rather than looking at the underlying documents. He feels the POC should be assessing the risk within the portfolio's total asset allocation rather than the individual investments.

Ms. Peltzman said there is a clause on disclosure and it depends on Commercial Confidentiality reasons and agreements entered into in the past by members having closed-door meetings to discuss Investments.

The commission continued to discuss the topic of closed-door meetings. Mr. Snyder would like to clarify what goes on during a closed session at the RPC meetings. He understands that it makes sense to discuss legal and personnel matters in closed session, but what about the private investments and other issues. He wanted to know if there are processes and procedures to ensure transparency. Mr. Hong concurred with Mr. Snyder.

Mr. Barnes asked if POC members can be authorized participants at these closed-door sessions to just listen in. Mr. Snyder believes this would be helpful and he plans to clarify if this is possible. Mr. Hong however maintained his previous position and comments regarding the closed meetings. Mr. Snyder requested for a vote which resulted in 2 in favor:1 opposed. Mr. Snyder noted the reason of the member who opposed. This was based on the belief that POC need not have access to confidential closed-door meetings of the RPC as this will be beyond the scope of the Commission.

Mr. Snyder continued the meeting and agreed with Mr. Barnes's comments on Ms. Kabuto's review: "...Have access to the meeting to ensure POC is presenting the right things to RPC..."

Mr. Snyder also read Ms. Kabuto's comments on "Findings and Procedures". Mr. Hong and Mr. Barnes said they were ok with her corrections.

Mr. Snyder then thanked Ms. Reider for the documents made available to POC periodically but wanted more clarification on documents the POC should or should not have access to as part of their oversight functions.

Ms. Reider said she believes they have rights and access to all documents that can be made available to the public under the Public Information Act.

Ms. Peltzman read a pertinent portion of the Statutory Act again as it pertained to the POC.

Mr. Snyder then asked members of the POC present (Mr. Barnes and Mr. Hong) if he should remove that part of the question from their review. They both concurred.

Mr. Hong asked for the scope of POC's functions about reviewing Fees and Charges.

Mr. Snyder expressed his opinion that POC should look at the various levels – underlying fees, fund-to-funds, etc. - just as it is usually done at Institutional levels.

Mr. Hong on the other hand thinks RPC should continue to process the fees and expenses as usual while POC reviews them later for accuracy.

Mr. Snyder said the POC is comfortable with RPC's written confirmation that someone is reviewing the fees and expenses. It does not necessarily need to be POC carrying out this function. Mr. Hong and Mr. Barnes agreed.

Mr. Snyder wrapped up the meeting by clarifying from Ms. Peltzman if the available 3 members (out of 5 overall) can ratify the Annual Report ("The Report") so that he can complete the amendments and circulate the final update to everyone.

Ms. Peltzman confirmed that this was possible since the 3 present members formed a quorum and majority.

Mr. Snyder said he will circulate the Report later that night for final approval. He then made a motion to go back into closed session at 10:20 am to consult with counsel to obtain some legal advice on a legal matter. His motion was seconded by Mr. Hong. There was no opposition amongst those present or on the phone.

The closed session commenced at 10:23 am and ended at 10:25 am.

The open session continued at 10:25 am. Ms. Reider explained and requested an opinion on the amendment to the Howard County Police and Fire Employee's Retirement Plan (CB56-2017). The three present POC members had no objections to the amendment. With no further issues to discuss, the meeting was adjourned at 10:29 a.m.

Respectfully Submitted,

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Nike Yahaya,  
Office of Human Resources